

FISCAL NOTE
LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)				
	FY 2014-15		FY 2015-16	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS	\$35,693,469			
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	\$35,693,469			

Any Fiscal Notes received from state agencies and political subdivisions are attached following the Legislative Fiscal Analyst Estimate.

LB 725 makes a change to state aid allocated through the Tax Equity and Educational Opportunities Support Act (TEEOSA). The bill reduces the local effort rate in the formula for FY2014-15.

The local effort rate in the state aid formula is currently set at \$1.03 for FY15. LB 725 decreases the local effort rate to \$1.00. A reduction in the local effort rate increases the amount of state aid provided to school districts because the formula assumes a district has decreased resources. The estimated increase in state aid is \$35.7 million in FY15. Current law provides for the local effort rate to be \$1.00 in FY2015-16, so the bill has no fiscal impact in FY16.

ADMINISTRATIVE SERVICES-STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSES		
LB: 725	AM:	AGENCY/POLT. SUB: Department of Education
REVIEWED BY: Matthew Eash	DATE: 1/16/2013	PHONE: 402-471-4175
<p>COMMENTS: The current FY 2014-15 appropriation for TEEOSA State Aid to schools is \$920,786,352. An estimated \$19,400,000 will be added by Insurance Premium Tax revenues, to arrive at total FY 2014-15 TEEOSA State Aid of \$940,186,352. Currently enacted substantive law for computing TEEOSA State Aid would result in approximately \$900,000,000 for FY 2014-15, creating a variance from the current FY 2014-15 appropriation of approximately -\$40,200,000. LB 725 would make substantive changes to the computation of FY 2014-15 TEEOSA State aid, resulting in approximately \$935,700,000, or a variance from the current FY 2014-15 appropriation of approximately -\$4,500,000. The Department's fiscal note, characterizing an increase of \$35,693,469, represents the difference between the current statutory TEEOSA computation of approximately \$900,000,000 and LB 725's modification that changes the computation to approximately \$935,700,000.</p>		

Please complete ALL (5) blanks in the first three lines.

2014

LB⁽¹⁾ 725

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾

NDE/School Finance & Organization Services

Prepared by: ⁽³⁾ Wilson/Inbody

Date Prepared: ⁽⁴⁾ January 13, 2014

Phone: ⁽⁵⁾ 1-3323

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2014-15</u>		<u>FY 2015-16</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	\$35,693,469			
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	\$35,693,469			

Explanation of Estimate: LB 725 lowers the Local Effort Rate (LER) rate for the 2014/15 calculation of state aid from \$1.03 to \$1.00. The LER rate is used in the calculation of local resources for school districts. When the LER rate is lowered it causes the calculation of local resources to be lower for each district resulting in additional State Aid for districts that are equalized or become equalized. As the LER rate was to return to \$1.00 for the 2015/16 year there is no future fiscal effect of this bill beyond the 2014/15 increase in State Aid.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2014-15</u>	<u>2015-16</u>
	<u>14-15</u>	<u>15-16</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
Benefits.....				
Operating.....				
Travel.....				
Capital outlay.....				
Aid.....				
Capital improvements.....				
TOTAL.....				